



POSTAL SERVICE

39 CFR Part 501

Revisions to the Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems

AGENCY: Postal Service[™].

ACTION: Proposed rule.

SUMMARY: The Postal Service is proposing to revise the rules concerning authorization to manufacture and distribute postage evidencing systems to reflect new revenue assurance practices.

DATES: Submit comments on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Mail or deliver written comments to the Manager, Payment Technology, U.S. Postal Service®, 475 L'Enfant Plaza SW, Room 3500, Washington DC 20260. You may inspect and photocopy all written comments at the Payment Technology office by appointment only between the hours of 9 a.m. and 4 p.m., Monday through Friday by calling 1-202-268-7613 in advance. Email and faxed comments are not accepted.

FOR FURTHER INFORMATION CONTACT: Marlo Kay Ivey, Business Systems Analyst, Payment Technology, U.S. Postal Service, (202) 268-7613.

SUPPLEMENTARY INFORMATION: These proposed changes to the CFR support the ongoing effort of the Postal Service (USPS) to collect the appropriate revenue on mail pieces in a more automated fashion. Presently the system relies on a manual process to weigh and rate pieces and collect at the point of induction or at the point of delivery. The USPS is upgrading mail processing equipment to validate postage paid on individual pieces and working with the PC Postage Providers to make corrections to the postage paid collecting additional revenue

when appropriate with an electronic process. The PC Postage Providers will have piece level information and interface with the customers to make the needed postage corrections. Customers will have the opportunity to appeal the process in an electronic format. The USPS will be the final decision maker in all disputes.

List of Subjects in 39 CFR Part 501

Administrative practice and procedure.

Accordingly, for the reasons stated, 39 CFR part 501 is proposed to be amended as follows:

PART 501 — AUTHORIZATION TO MANUFACTURE AND DISTRIBUTE POSTAGE EVIDENCING SYSTEMS

1. The authority citation for 39 CFR part 501 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 410, 2601, 2605, Inspector General Act of 1978, as amended (Pub. L. 95-452, as amended); 5 U.S.C. App. 3.

2. In § 501.1, revise paragraph (g) to read as follows:

§ 501.1 Definitions.

* * * * *

(g) A *customer* is a person or entity authorized by the Postal Service to use a Postage Evidencing System as an end user in accordance with *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) 604 Postage Payment Methods and Refunds, including 604.4.0 Postage Meters and PC Postage Products (Postage Evidencing Systems).

3. In § 501.2, revise paragraph (d) to read as follows:

§ 501.2 Postage Evidencing System Provider authorization.

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(d) Approval shall be based upon satisfactory evidence of the applicant's integrity and financial responsibility, commitment to comply with the Postal Service's revenue assurance practices as outlined in section 501.16, and a determination that disclosure to the applicant of Postal Service customer, financial, or other data of a commercial nature necessary to perform the function for which approval is sought would be appropriate and consistent with good business practices within the meaning of 39 U.S.C. 410(c)(2). The Postal Service may condition its approval upon the applicant's agreement to undertakings that would give the Postal Service appropriate assurance of the applicant's ability to meet its obligations under this section, including but not limited to the method and manner of performing certain financial, security, and servicing functions, and the need to maintain sufficient financial reserves to guarantee uninterrupted performance of not less than 3 months of operation.

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4. In § 501.16, add paragraph (i) to read as follows:

§ 501.16 PC postage payment methodology.

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(i) *Revenue Assurance.* To operate PC Postage systems, the provider must support business practices to assure Postal Service revenue and accurate payment from customers. Specifically, the provider is required to notify the customer and adjust the balance in the postage evidencing system or otherwise facilitate postage corrections to address any postage discrepancies as directed by the Postal Service, subject to the applicable notification periods and dispute mechanisms available to customers for these corrections. The Postal Service will supply the provider with the necessary detail to justify the correction and amount of the postage correction to be used in the adjustment process. The provider must supply customers with visibility into the identified postage correction, facilitate a payment adjustment from the customer in the amount equivalent to the identified postage discrepancies to the extent possible, and enable customers

to submit electronic disputes of such postage discrepancies to the Postal Service. Further if the Customer does not have funds sufficient to cover the amount of the discrepancies or the postage discrepancies have not been resolved, the provider may be required to temporarily suspend or permanently shut down the customer's ability to print PC Postage as described in the Domestic Mail Manual section 604.4.

5. In § 501.18, revise paragraph (b)(2) and add paragraph (c)(6) to read as follows:

§ 501.18 Customer information and authorization.

* * * * *

(b)

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(2) Within five years preceding submission of the information, the customer violated any standard for the care or use of the Postage Evidencing System, including any unresolved identified postage discrepancies that resulted in revocation of that customer's authorization.

* * *

(c)

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(6) The customer has any unresolved postage discrepancies.

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Attorney, Federal Requirements.

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